

2016 Seattle City Council Green Sheet

Ready for Notebook

Tab	Action	Option	Version
74	1	A	2

Budget Action Title: Increase FAS appropriations by \$2.1 million to acquire IT systems and add three FTEs to support regulation of the for-hire industry

Has CIP Amendment: No Has Budget Proviso: No

Councilmembers: Godden; Harrell; O'Brien; Sawant

Staff Analyst: Tony Kilduff

Council Bill or Resolution:

Date		Total	SB	BH	JO	TR	NL	TB	JG	MO	KS
	Yes										
	No										
	Abstain										
	Absent										

Summary of Dollar Effect

See the following pages for detailed technical information

	2015 Increase (Decrease)	2016 Increase (Decrease)
General Subfund		
<i>General Subfund Revenues</i>	\$0	\$0
<i>General Subfund Expenditures</i>	\$0	\$0
<i>Net Balance Effect</i>	\$0	\$0
Other Funds		
<i>Finance and Administrative Services Fund (50300)</i>		
<i>Revenues</i>	\$0	\$600,000
<i>Expenditures</i>	\$0	\$2,129,501
<i>Net Balance Effect</i>	\$0	(\$1,529,501)
Total Budget Balance Effect	\$0	(\$1,529,501)

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Budget Action description:

This green sheet would increase Department of Finance and Administrative Services (FAS) appropriations by \$2,129,501 to acquire IT systems and add three FTEs to support regulation of the for-hire industry. The revenue to support this add would come through an increase in certain fees and charges—to be determined by the Director of FAS, and implemented under the FAS Director’s administrative authority—on the for-hire industry. For planning purposes, this green sheet shows revenues of \$600,000 being generated in 2016, but the timing and amounts of revenue to be raised annually would be determined by the FAS Director.

Background

Ordinance 124524, passed in 2014, brought transportation network companies within the City’s for-hire regulatory framework. As a result, FAS, the department responsible for regulating the industry, experienced a significant increase in its workload and had requested additional resources in the 2016 budget. While FAS did get some of the resources requested, they will not be sufficient to appropriately regulate the industry.

There is now new legislation (Council Bill 118499) before the Council that would require FAS to establish and administer a collective bargaining process between for-hire drivers and the companies they drive for. This represents another major body of work for which FAS is not currently resourced. Since overseeing a union election process is a new line of business for FAS it is challenged to estimate its resource needs with accuracy. Below is its best assessment of what it will need to fulfill its obligations under both Ordinance 124524 and Council Bill 118499 should it become law.

System Resources

- Regardless of the need to manage union elections, FAS will eventually need to develop a data system that allows the City to track vehicles and drivers licensed to operate in the for-hire industry. The passage of Council Bill 118499 will accelerate the need.
- The estimated cost of the for-hire driver and enforcement system is based on the City’s current contract for Accela, their current tracking software.

Staffing Resources

- FAS will need two Strategic Advisor 2 (SA2) positions to develop the rules, manage a professional services contract for conducting potentially multiple elections, and to perform ongoing work. One position will sunset on December 31, 2017 when the rules and processes are established.
- FAS will also need outside legal services for collective bargaining election expertise not available in the City Attorney’s Office for 18 months during the rule and business process development.
- An Administrative Specialist 3 for office maintenance, election notifications, application review, and complaint management.
- Auditing services to administer the verification of the statements of interests and the decertification petitions.

The following table provides specific details

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74	1	A	2

No.	Description	2016 Cost	2017 Cost	On-going cost	Notes
1	Data system	1,100,000	0	0	One time only
2	System work: project management and business definition	143,413	0	0	One time only - 1.0 FTE SA2
3	System work	220,000	220,000	220,000	On-going, including software license
4	1.0 FTE SA2	143,413	143,413	143,413	On-going for program management
5	1.0 FTE SA2 (sunset December 31, 2017)	143,413	77,176	0	To manage the contract with private accounting firm that would conduct elections
6	Admin Spec 3	86,762	86,762	86,762	On-going program admin support
7	External legal counsel	142,500	0	0	Assuming hourly rate of \$285 per hour for 500 hours; note that the consultant contract may be extended to 2017
8	External accounting services	150,000	150,000	150,000	Estimate for external professional to manage the actual elections based on equivalent of 1.0 FTE (rounded)
	Total Appropriation & Cash Needs	2,129,501	677,351	600,175	
	Additional Cash Needs	48,000	40,000	32,000	Additional misc. FAS Admin Costs; No need for additional appropriation
	Interest charges	14,180	50,142	54,405	Estimated cost to pay interest on the fund balanced used to bridge the revenue gap
	Total Cash Needs	2,191,681	767,493	682,580	

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74	1	A	2

Budget Action Transactions

Budget Action Title: Increase FAS appropriations by \$2.1 million to acquire IT systems and add three FTEs to support regulation of the for-hire industry

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
1	Increase appropriation for IT systems and staffing to support for-hire regulation				FAS	Regulatory Compliance and Consumer Protection	A4530	50300	2016		\$2,129,501
2	Add staffing to support for-hire regulation	StratAdvsr2,General Govt - FT	1	1	FAS	Regulatory Compliance and Consumer Protection	A4530	50300	2016		\$0
3	Add staffing to support for-hire regulation (sunset 12/31/2017)	StratAdvsr2,General Govt - FT	1	1	FAS	Regulatory Compliance and Consumer Protection	A4530	50300	2016		\$0
4	Add staffing to support for-hire regulation	Admin Spec III - FT	1	1	FAS	Regulatory Compliance and Consumer Protection	A4530	50300	2016		\$0
5	Increase revenues from fee to support for-hire regulation				FAS	Fees - Taxi/For Hire	442491	50300	2016	\$600,000	
6	Increase use of Fund Balance to support for-hire regulation				FAS	Use of (Contribution to) Fund Balance - FAS Fund	379100	50300	2016	\$1,529,501	